

BUILDING LEASE

1. PARTIES. The parties to this Building Lease (Lease) are the Town of Frederick, Colorado (Lessor) and Georgene Pultz (Lessee).

2. LEASE OF PREMISES. In consideration of the Lessee's payment of the rent and the Lessee's keeping and performance of the covenants and agreements set forth in this Lease, the Lessor hereby leases unto the Lessee the following-described premises:

Lot 18, Block 18 also known as 318 Fourth Street, situated in the Town of Frederick, Colorado,

for the term beginning on March 1, 2009 and ending on February 28, 2010 unless the term hereby demised shall be sooner terminated as hereinafter provided.

3. RENT. In consideration of said demise, the Lessee covenants to pay the Lessor as base rent the annual sum of \$14,100.00 for said premises payable in equal monthly installments of \$1,175.00. This base rent is calculated at \$12.82 per square foot for 1100 square feet.. Said rent to be paid in advance without demand, at the office of Lessor on the 1st day of each and every calendar month during said term. If the rent has not been paid by the 10th day of each month, the Lessor shall be entitled to a late charge equal to 5% of the monthly rent.

Should the Lessee hold over and remain in possession of the leased property after the expiration of this lease without the Lessor's consent, it shall not be deemed or construed to be a renewal or an extension of this lease but shall only operate to create a month to month tenancy which may be terminated by the Lessor at the end of any month upon thirty days prior written notice to the Lessee; however, the monthly rent shall be increased by the greater of 4% or the Boulder/Denver CPI.

4. LATE CHARGES. If any installment of rent or of a sum due from Lessee shall not be received by Lessor or Lessor's designees within ten (10) days after said amount is due, then Lessee shall pay to Lessor a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Lessor will incur by reason of the late payment by Lessee. Acceptance of such late charges by the Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder, except for the terms and conditions specified under Article 10(b) below.

5. SECURITY. The Lessee has deposited with the Lessor the sum of \$1,175.00 as security for the full and faithful performance by the Lessee of all the terms of this lease required to be performed by the Lessee. Such sum shall equal to the first month's rent and shall be returned to the Lessee within 60 days after the expiration of this lease, provided the Lessee has fully and faithfully carried out all of its terms. Otherwise, the Lessor may use, apply, or retain the whole or any part of such amount to the extent required for the payment of any rent or other

obligation as to which the Lessee is in default under the terms of this lease. In such event Lessee shall upon written demand from Lessor, forthwith remit to Lessor a sufficient amount in cash to restore such deposit to its original amount. In the event of sale of the premises, Lessor shall have the right to transfer such security to the purchaser to be held under the terms of this lease, and the Lessor shall thereupon be released from all liability for the return of such security to the Lessee, and the Lessee shall look solely to the new Lessor for the return of such security. The Lessee shall not assign nor encumber the money deposited as security, and neither the Lessor nor its successors or assigns shall be bound by any such assignment or encumbrance.

6. OPTION TO RENEW. The Lessee may renew this Lease for one separate and successive term of one year subject to the approval of the Lessor, which approval shall not be unreasonably withheld. Such renewal term shall be upon the same terms, covenants and conditions as set forth in this Lease, except that the base rent for the renewal term shall be increased by the greater of 4% or the Boulder/Denver CPI

7. INSURANCE. The Lessee shall keep the leased property fully insured throughout the term of this lease against the following

1). Liability. Claims for personal injury or property damage under a policy of general public liability insurance, with such limits as may be reasonably requested by the Lessor from time to time, but not less than \$500,000.00/\$1,000,000.00 in respect of bodily injury, and \$50,000.00 for property damage.

2). Other. Against such other hazards and in such amounts as the holder of any mortgage or deed of trust to which this lease is subordinate may require from time to time.

8. USE AND OCCUPANCY. Lessee shall use and occupy the premises as a mixed use consisting of a retail shop on the first floor and living quarters for the lessee on the second floor so long as the retail business continues to operate. If the retail business does not continue to operate this lease shall terminate immediately. No pets are allowed in the building or on the property.

9. DEFAULT BY LESSEE. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Lessee:

a. The vacating or abandonment of the Premises by Lessee.

b. The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder within 10 days of when due Lessee may cure the default by making payment of rent or other payment due along with all late charges required under Article 4 above or within three (3) days after written notice from Lessor. If Lessee is late in tendering said rental payment twice during any Lease Year or if the funds paid are not collectable at any time, Lessor is granted the right to require all future rental payments in cash or certified funds.

c. The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Lessee, other than described in Article 10.b. above, where such failure shall continue for a period of ten (10) days after written notice thereof by Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than ten (10) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said ten (10) day period and thereafter diligently prosecutes such cure to completion.

d. The making by Lessee of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Lessee of a petition to have lessee adjudged a bankrupt, or a petition of reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possess of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged in thirty (30) days.

e. Losing the appropriate governmental licensing for a daycare facility.

10. REMEDIES IN DEFAULT. In the event of any such default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand, and without limiting Lessor in the exercise of a right or remedy which Lessor may have by reason of such default or breach:

a. Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all reasonable damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid.

Unpaid installments of rent or other sums shall bear interest from the date due at the rate of twelve percent (12%) per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) taking possess of the Premises and recovering from Lessee the amount specified in this paragraph, or (ii) proceeding under the provisions of subparagraph (b) of this paragraph.

b. Maintain Lessee's right to possession, in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

c. If no security deposit has been previously made, demand that a security deposit equal to two months rent be paid immediately to Lessor.

d. Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decision of the state in which the Premises are located.

11. ASSIGNMENT AND SUBLETTING. The Lessee covenants not to assign, transfer, mortgage or pledge this leasehold, or to sublet the demised premises or any part thereof, without the prior written consent of the Lessor which consent shall not be unreasonably withheld; provided, however, that in its consideration of whether to consent to the proposed assignment or subletting, the Lessor may, in its sole discretion, determine whether the proposed subtenant is compatible with the other tenants in the building. Should the Lessor consent to the assignment of this Lease or to subletting the demised premises in whole or in part, the Lessee does hereby absolutely guarantee the payment of and covenants to pay the rent reserved hereunder until the expiration of the term hereof and no failure of the Lessor to promptly collect from any assignees or sublessees hereunder until the expiration of the term hereof, nor any extension of the time for the payment of such rent, shall release the Lessee from Lessee's guarantee of payments of such rent.

12. ALTERATIONS. The Lessee covenants not to make or permit to be made any alterations, additions or improvements to said premises, without the prior written consent of the Lessor which consent shall not be unreasonably withheld and all additions or improvements made by the Lessee, except movable office furniture and equipment, shall become the property of the Lessor at the termination of this Lease.

13. FACILITIES. The Lessor will make available either cooled or heated air when either are deemed necessary by the Lessee; but the Lessor shall not be liable for any delay or failure to supply any of such services due to unusual conditions or to conditions beyond the Lessor's control and the Lessor shall not be liable for damage nor shall the Lessee be entitled to any abatement of rent as a result of Lessor's failure to supply the same.

14. SERVICES. The Lessor shall cause to be supplied, during ordinary business hours, a reasonable amount of electric current for lighting public halls, during the time and in the manner customary in said building. The Lessee shall pay for electrical service, water and gas metered or allocated to the premises described in paragraph 2 above.

15. NUISANCES. The Lessee covenants that no nuisance or hazardous trade or occupation shall be permitted or carried on in or upon said premises, and that no act or thing shall be done or permitted and nothing shall be kept in or about said premises which will increase the risk or hazard of fire. The Lessee covenants to pay to the Lessor upon demand, damages for injury to said premises or to the building of which said premises are a part, which injury shall be caused or suffered by the Lessee or the Lessee's agents or employees. The Lessee further covenants not to conduct any business or permit any business to be conducted or to do or permit any act or thing contrary to or in violation of the laws of the United States or the State of Colorado or the ordinances of the County of Weld or the Town of Frederick, Colorado, or about said premises or the building of which said premises are a part.

16. DAMAGES TO PROPERTY. It is covenanted and agreed by and between the parties hereto that the Lessor shall not be liable for any loss, damage or injury to the Lessee, Lessee's agents, employees, or visitors, or to the Lessee's property, for any damage or injury caused by or from the bursting or leaking of water or sewer pipes or air conditioning equipment or fixtures, or from gas or odors, or from the elements or from any cause whatsoever, except in the case of the negligence of the Lessor.

17. ENTRY AND SIGNS. The Lessor, or any of its agents, shall have the right to enter said premises during all reasonable hours, to examine the same or make such repairs, additions or alterations as may be deemed necessary for the safety, comfort, or preservation thereof, or of said building, or to exhibit said premises, and to put or keep upon the door or windows thereof a notice "For Rent" at any time within thirty days before the expiration of this Lease. The right of entry shall likewise exist for the purpose of removing placards, signs, advertisements, fixtures, alterations, or additions, which do not conform to this Lease, or to the rules and regulations of the building. No advertising signs shall be affixed to the building without the prior written approval of the Lessor which approval shall not be unreasonably withheld.

18. DESTRUCTION OF PREMISES. The Lessor further agrees that if the building is damaged or destroyed by fire or by any other insured peril at any time after the date of this Lease, the Lessor will proceed with due diligence to repair or restore the same to the same condition as existed before such damage or destruction. If the demised premises are so damaged or destroyed, the Lessor will, as soon as possible after such repair or restoration (but not prior to the beginning of the term of this Lease), give possession to the Lessee of the same space as is herein demised without diminution or change of location. If, however, within the last two months of the term of this Lease, said building or the herein-demised premises is damaged or destroyed by fire or any other insured peril so as to render the premises untenable, then at the option of either party, which shall be exercised by notice in writing within thirty days after the occurrence of such damage or destruction, this Lease shall terminate and no rent shall be paid by the Lessee for the period subsequent to the date of such damage or destruction. In the event of damage or destruction by fire or any insured peril of the premises herein demised to an extent so as to render the same untenable, all rent shall abate on a per diem basis during the period of restoration. In the event the demised premises shall be damaged as aforesaid but are not thereby rendered untenable, the Lessor shall restore the leased premises with reasonable dispatch, and while such damage is being repaired, the Lessee shall be entitled to an equitable abatement of the Lessee's rent. The Lessor shall not be liable or responsible for any delays in rebuilding or repairing due to strikes, riots, acts of God, national emergencies, delays in settlement by the insurance carrier, governmental laws or regulations, inability to procure materials or labor, or both, or any other causes beyond the Lessor's control.

19. INDEMNITY. The Lessee shall indemnify and hold harmless the Lessor from and against all liabilities, penalties, damages, judgments, and expenses, including reasonable attorney's fees incurred by Lessor in defending or satisfying any claim of any type or nature, including personal injury claims or property damage claims, arising out of the use, occupancy, or control of the leased property or any of its appurtenances by Lessee.

20. WAIVER. It is further agreed that no assent, expressed or implied, to any breach of any one or more of the covenants or agreements hereof shall be deemed or taken to be a waiver of any succeeding or other breach.

21. NOTICES. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified or registered mail, postage and fees prepaid, addressed to the party to whom such notice is intended to be given at the address set forth on the signature page below, or at such other address as has been previously furnished in writing to the other party or parties. Such notice shall be deemed to have been given when deposited in the U.S. Mail.

22. DELAYS. Any delays in, or failure of, performance by any party of his or its obligations under this Agreement shall be excused if such delays or failure are a result of acts of God, fires, floods, strikes, labor disputes, accidents, regulations or orders of civil or military authorities, shortages of labor or materials, or other causes, similar or dissimilar, which are beyond the control of such party.

24. WAIVER OF BREACH. The waiver by any party to this Agreement of a breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by any party.

25. ADDITIONAL PROVISIONS:

a. **UTILITIES AND SNOW REMOVAL.** Lessee shall be responsible for payment of utilities including water, gas and electric and shall be responsible for snow removal as required by the Frederick Municipal Code.

b. **LAWN CARE.** Lessee shall be responsible for normal maintenance of the lawn including, watering and fertilizing. Sprinkler maintenance shall be the responsibility of the Lessor.

c. **EXHIBITS.** All exhibits referred to in this Agreement are, by reference, incorporated herein for all purposes.

d. **PARAGRAPH CAPTIONS.** The captions of the paragraphs are set forth only for convenience and reference, and are not intended in any way to define, limit, or describe the scope or intent of this Agreement.

e. **ADDITIONAL DOCUMENTS OR ACTION.** The parties agree to execute any additional documents and to take any additional action necessary to carry out this Agreement.

f. **GOVERNING LAW.** This Agreement shall be governed by the laws of Colorado.

g. **SUCCESSORS AND ASSIGNS.** The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

h. **ATTORNEY FEES.** In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover all costs and expenses, including the fees of its attorneys in such action or proceeding in such amount as the court may adjudge reasonable as attorneys' fees.

i.. **PERSONAL GUARANTEE.** If Lessee is not an individual, a personal guarantee by an individual acceptable to the Lessor shall be required on the Personal Guarantee attached hereto as **EXHIBIT A.**

j.. **TIME OF THE ESSENCE.** Time is of the essence of this lease agreement and of all provisions herein.

k.. **INVALIDITY OF PROVISIONS.** If any provision of this lease agreement shall be declared invalid or unenforceable, the remainder of the lease agreement shall continue in full force and effect.

l. **ENTIRE AGREEMENT.** This lease agreement contains the entire agreement between the parties, and any executory agreement hereafter made shall be ineffective to change, modify, or discharge it in whole or in part, unless such executory agreement is in writing and signed by the party against whom the enforcement of the change, modification or discharge is sought.

26. **DATED** this 27 day of Feb 2009.

TOWN OF FREDERICK

By [Signature] 2/27/09
Eric E. Doering, Mayor (Date)

[Signature] 2/27/09
Georgene Pultz (Date)

ATTEST:

[Signature]
Nanette S. Fornof, Town Clerk

